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REMARKS

I.   New Claims Versus Previous Claims

For convenience and clarity, claims 1-41 have been canceled and replaced by new claims 42-82. However, the new claims correspond to the previous claims, and are organized in the same manner. For example, the four new independent claims 42, 68, 77, and 78 correspond to the four previous independent claims 1, 27, 36, and 37.

The new dependent claims also correspond to the previous dependent claims. New claims 43-67 and 79 depend from new claim 42, just as previous claims 2-26 and 38 depended from previous claim 1. New claims 69-76 and 80 depend from new claim 68, just as previous claims 28-35 and 39 depended from previous claim 27. New claim 81 depends from new claim 77, just as previous claim 40 depended from previous claim 36. Finally, new claim 82 depends from new claim 78, just as previous claim 41 depended from previous claim 37.

II.   New Claims Versus Amended Claims Discussed in 12/16/03 Examiner Interview

The new claims are exactly as discussed in the 12/16/03 interview with the Examiner, except for two minor adjustments:

1) The initial "requesting" step which was added to amended claim 1 (now new claim 42) during the interview has been modified slightly, to indicate that prior to the visitor visiting the website, the user of the method *makes the advertisement distributor aware* that he desires profile information. The "making aware" language better describes the method's initial step, which may or may not involve a direct request to the advertisement distributor. In practice, the distributor may simply become aware of the website owner's desire for pre-visitor profile information from various industry sources, without the website owner having to directly request the profile information from the distributor. The adjusted language still provides what the Examiner is looking for – that is, a first step that starts the process – but better describes that first step.

2) During the interview, the Examiner suggested simplifying the language of step (b)(iv) in amended claim 1 (now new claim 42), to read "displaying the advertisement to the visitor" instead of "effecting a transfer of the advertisement to the visitor". However, upon reflection Applicant believes that the original "effecting a transfer" language better describes the method, because the advertisement may be an audio advertisement that the visitor hears rather than sees. Said another way, "displaying" connotes a visual transfer to the visitor, which may or may not be the case. Since the method may transfer the advertisement to the visitor in a way other that displaying it visually, the more general "effecting a transfer" language better describes the method.

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Apart from these two minor adjustments, the claims are exactly as discussed in the 12/16/03 interview. New claim 42 matches the amended claim 1 which was discussed. New independent claims 68, 77, and 78 (which correspond to previous independent claims 27, 36, and 37) incorporate the core steps of claim 42, and simply provide different "shells" around the core steps that define a device with a sequentially linked series of modules, and a machine-readable program storage device that performs the same core steps as in claim 42.

The dependent claims in the application have also been modified slightly, in order to reflect the changes made to the independent claims and cure any lack of antecedent problems.

III.   <u>Support for the Claims in the Specification</u>

The new independent claims – claims 42, 68, 77, and 78 – distinctly define the key elements of the invention, which are:

Before a visitor visits a website or other communications node:

- Collecting responses from advertisers that contain various desired visitor attributes and value contributions assigned to the attributes.

- Spreading the attributes of each advertiser response into a number of possible combinations of attributes. Each combination has a value which is determined from aggregating the value contributions, and which represents the price the advertiser is willing to pay to show his advertisement to a visitor with the desired attributes.

When a visitor visits the website, electronically:

- Constructing a visitor profile containing the visitor attributes.

- Selecting the combination from the previously obtained response that includes some or all of the visitor attributes and that yields the highest price.

- Contracting for, and then effecting, a transfer of the advertisement to the visitor.

The above elements do not define a typical auction system, where the visitor first visits the website, and then the visitor's profile is "put out for bid" to various advertisers. Instead, the above elements define a system where advertisers pre-submit bids for various desired attributes, before the visitor has even visited the website.

Moreover, these key elements are clearly described in the specification. On page 19, in the section titled "A Description of Algorithmic Procedures Used to Implement the Preferred Embodiment of the Method of the Present Invention", the specification provides an overview

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of the steps in the process: collecting price offers (bids) from advertisers, which represent a collection of attributes and attribute values; spreading the bids into a "matching tree" which contains all possible combinations for which an advertiser is willing to pay; and then – in real time, *after* the visitor has visited – selecting the highest bid for the visitor by searching the matching tree. The highest bidder then presents his advertisement to the visitor.

The specification also provides further detail regarding the basic steps in the process. The step of collecting bid responses with predefined attributes and attribute values is described on pages 23-25 of the specification, in the section titled "Overview of the Price Offer Phase". It is clear that the advertiser responses are predefined – that is, made prior to the visitor's visit: "The attribute is a category with predefined values" (page 24, lines 4-5); "All attributes have predefined values" (page 24, line 10).

The spreading step is detailed on pages 25-28 of the specification, in the section titled "Spreading the Price Offer", and also on pages 31-33 of the specification, in the section titled "Constructing and Managing the Matching Tree". The price-determining step is detailed on pages 28-30 of the specification, in the section titled "Determining the Price of Each Profile Combination".

The post-visitor steps are detailed starting on page 34 of the specification, titled "Searching the Tree and Allocating the Visitor's Advertisement Space". After the visitor visits, his profile is built (page 34, lines 3-5), and the matching tree is then searched to select the highest-priced combination from an earlier-collected advertiser response (page 34, lines 6-29). The advertisement space is then contracted for and allocated to the selected advertiser, and the advertisement is transferred to the visitor (page 34, line 29 to page 36, line 16).

The claim elements are also described in various other areas of the specification, too numerous to list here.

IV.   Reasons Why the Claims Overcome the Prior Art

The new independent claims 42, 68, 77, and 78 define patentably over PCT Appl. # WO 98/34189 (Roth); U.S. Pat. No. 5,974,398 (Hanson); U.S. Pat. No. 5,794,210 (Goldhaber); U.S. Pat. No. 5,724,521 (Dedrick); and U.S. Pat. No. 6,324,519 (Eldering), for the reasons discussed below:

Roth

• Roth discloses an auction system, where the visitor first visits the website, and then the visitor's profile is "put out for bid" to various advertisers. Roth describes his auction system on page 13 of his specification, lines 14-19: "View server 320 in turn sends information concerning the view-op to bidding agents 30. Bidding agents 30 in turn evaluate the characteristics of the view-op (which includes information supplied by

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server 320) against the criteria specified in each proposed bid. If the characteristics of a view-op meet the criteria in a proposed bid, a bidding agent 30 will submit a bid to view server 320." This is very different than the invention's claims, which distinctly define that advertisers pre-submit bids for various desired attributes, *before* the visitor has even visited the website.

● In addition, Roth does not disclose another key aspect of the invention defined in the claims – "spreading" the attributes of an advertiser's response to form a number of combinations of various attributes. This "spreading" step, done prior to the visitor's visit, is essential because it allows the later "selecting" step to be done in real-time. Without this step, sensible selection of a combination from an advertiser response is not viable in the economically critical real-time circumstances of Internet traffic banner placement and the like.

Goldhaber

● Like Roth, Goldhaber discloses an auction system, where the visitor first visits the website, and then the visitor's profile is "put out for bid" to various advertisers. This is very different than the invention's claims, which distinctly define that advertisers pre-submit bids for various desired attributes, *before* the visitor has even visited the website.

● Also like Roth, Goldhaber does not disclose another key aspect of the invention defined in the claims – "spreading" the attributes of an advertiser's response to form a number of combinations of various attributes. This "spreading" step, done prior to the visitor's visit, is essential because it allows the later "selecting" step to be done in real-time. Without this step, sensible selection of a combination from an advertiser response is not viable in the economically critical real-time circumstances of Internet traffic banner placement and the like.

● Further, Goldhaber relies on one or more aspects of *viewer choice* in his method, and it is clear from the invention's claims that viewer choice is simply not an aspect of the invention's method.

Eldering

● Like Roth and Goldhaber, Eldering discloses an auction system, where the visitor first visits the website, and then the visitor's profile is "put out for bid" to various advertisers. This is very different than the invention's claims, which distinctly define that advertisers pre-submit bids for various desired attributes, *before* the visitor has even visited the website.

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Hanson

- Like Roth and Goldhaber, Hanson does not disclose a key aspect of the invention defined in the claims – "spreading" the attributes of an advertiser's response to form a number of combinations of various attributes. This "spreading" step, done prior to the visitor's visit, is essential because it allows the later "selecting" step to be done in real-time. Without this step, sensible selection of a combination from an advertiser response is not viable in the economically critical real-time circumstances of Internet traffic banner placement and the like.

- In addition, in Hanson the visitor chooses whether or not to see the advertisement. This is very different than the invention's claims, which distinctly define that the advertisement transfer decision culminates in a contract between the advertiser and the website or other communications node. In the invention, the visitor does not choose whether or not to see the advertisement.

Dedrick

- Like Roth, Goldhaber, and Hanson, Dedrick does not disclose a key aspect of the invention defined in the claims – "spreading" the attributes of an advertiser's response to form a number of combinations of various attributes. This "spreading" step, done prior to the visitor's visit, is essential because it allows the later "selecting" step to be done in real-time. Without this step, sensible selection of a combination from an advertiser response is not viable in the economically critical real-time circumstances of Internet traffic banner placement and the like.

- In addition, Dedrick does not disclose an advertiser response with *advertiser-assigned* economic value contributions, as distinctly defined in the invention's claims.

It would also not be obvious to modify any of these references to meet the new independent claims, because doing so would require a major reworking, and would significantly alter the references' operating principles. Such a modification would not be obvious, as stated in MPEP 2143.01: "If the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims prima facie obvious. In re Ratti, 270 F. 2d 810, 123 USPQ 349 (CCPA 1959)."
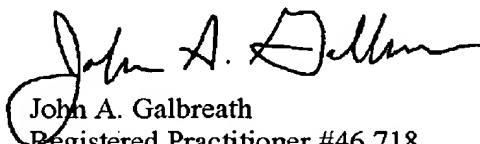
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CONCLUSION

For all of the above reasons, Applicant submits that the claims are now in proper form, and that the claims all define patentably over the prior art. Therefore Applicant submits that this application is now in condition for allowance, which action they respectfully solicit.
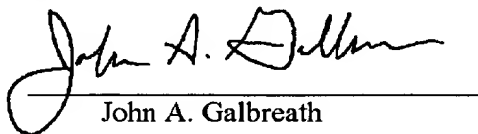
Very respectfully,

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Certificate of Fax Transmission: I certify that on the date below, this document and referenced attachments, if any, was faxed to the U.S. Patent Office at 703-872-9326.

30 December 2003

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John A. Galbreath